Docket No. 05-006-1

Regulatory Analysis and Development

PPD, APHIS, Station 3C71

Riverdale, MD 20737-1238

Attention: Mrs. Elizabeth E. Gaston

Acting Administrator, Animal and Plant Health Inspection Service

Re: Comment to Docket No. 05-006-1

Dear Mrs. Gaston;

INTRODUCTION

Anheuser-Busch appreciates the opportunity to comment on the proposed introduction of Ventria BioScience's genetically engineered rice in the state of Missouri. We believe this proposed introduction would present considerable environmental risk, potential negative economic impact to Missouri and other southern states that produce rice and potential consumer backlash.

While many Americans are accepting of genetically modified crops, others around the world will not consume these crops or products derived from them. Rice is a global commodity and 40 percent or more of U.S. rice is exported annually to other nations. Consumers in other parts of the world, particularly the European Union (EU), are considerably more suspicious of genetically modified crops than are Americans. Please

consider our concern as you proceed with your evaluation of permitting Ventria's Pharma rice.

ENVIRONMENTAL RISK

Although Ventria has provided a detailed growing and handling protocol for this introduction, concerns still exist about the potential environmental risks. Because Ventria's Pharma rice is not "generally recognized as safe" (GRAS), it is not appropriate for food consumption, and even if it were, Anheuser-Busch believes that genetically modified rice should be segregated from traditional rice varieties to give food manufacturers and consumers the choice to use such rice. Anheuser-Busch is most concerned about the potential for gene transfer from the Ventria rice to Missouri's commercial rice crop if Ventria is permitted to grow its rice in the proposed location in Missouri. Contamination of the Missouri commercial rice crop with this pharmaceutical rice could occur due to human error, outcrossing or movement by animals, which was acknowledged in the environmental impact study. In addition, flooding or inclement weather, which were not mentioned in the study, could be other channels to contamination. To ensure segregation, all of these possibilities of contamination must be eliminated.

The Environmental Assessments for Ventria's human lactoferrin and lysozyme genetically engineered rice address the issues of outcrossing from cultivated rice to the weedy/red rice. The precautions outlined, primarily separation of the plot from rice production fields, borders of corn or soybeans and hand rouging weedy/red rice, could be adequate in the developmental phase. But those precautions are potentially unsustainable

in larger production, and we understand Ventria intends to expand production to 17,000 acres in Missouri.

We already have seen gene flow in rice. For example, agricultural scientists in Northeast Arkansas as well as Gulf Coast Louisiana confirm Clearfield rice and red rice outcrosses. The gene carrying the pharmaceutical traits are just as likely to move from Ventria's specialized rice to a hardy and diverse weedy red rice as the Clearfield gene did.

Even with strict procedures, a mistake by one grower could potentially release these pharmaceuticals into Missouri's mainstream rice food supply. Once these pharmaceutical traits are in the hardy, genetically diverse red rice population, pharmaceutical red rice will become commonplace in ditches, lanes and fields. The red rice then could outcross and contaminate food rice production in Missouri.

ECONOMIC IMPACT

Missouri's rice crop moves into three market segments: domestic food consumption, industrial ingredients and exports. Food and beverage companies must ensure their products exclude ingredients that are not appropriate for consumption. Food and beverage companies should also have the right to exclude ingredients even if they are approved for consumption, due to negative consumer response. As noted in the Environmental Risk section above, Anheuser-Busch is very concerned that Ventria's genetically engineered product will enter the Missouri rice supply through gene transfer as a contaminant.

If it does, Anheuser-Busch will see its supply of rice decline because we will not use rice that isn't appropriate for food consumption or rice contaminated with rice not appropriate for food use. We also then will have to institute special measures to ensure that the genetically modified rice is not mixed with our rice. The drop in supply combined with those special measures would most likely increase our cost of ingredients.

We saw that happen with Starlink, a corn variety not allowed for human consumption. Due to the contamination of the Starlink gene in food products, many companies bore expensive recalls and product liability claims. At this time, we cannot estimate the costs to Anheuser-Busch if the Ventria rice contaminates the Missouri commercial rice crop, but we would expect the cost increase to be substantial because suppliers will be required to test every load of rice coming into their mills and into our breweries.

Much of Missouri's rice is shipped out of the United States to international markets. The EU is estimated to take 75 percent of Missouri's rice production, and of course the EU is very sensitive to GMO products. Ventria's Pharma rice is clearly not approved for food consumption in the EU. If Ventria is permitted to plant its rice in Missouri's rice production region, it will add another level of complexity and opportunity for the EU to exclude all U.S. rice products, not just rice produced in Missouri.

Studies indicate that should Missouri lose its rice market entirely and be forced to grow substitute crops such as soybeans, the Missouri farm economy would lose approximately $45 million per year in lost farm input sales. In addition, using sales and household earnings multipliers provided by the Bureau of Labor Statistics for the rice milling

industry, eliminating the amount of rice produced in Missouri from the milling sector is estimated to cause the potential loss of 2,287 jobs, reduce earnings by more than $70 million and reduce sales output by more than $235 million.

CONSUMER

Consumer safety is obviously of concern to all of us. The FDA has not stated whether it has determined that these rice varieties are GRAS.

Food safety, consumer acceptance and viable rice markets are all important considerations to the release of any crop. Ventria's rice cannot be a food or an ingredient for Anheuser-Busch. Anheuser-Busch cannot purchase this rice or any rice known or thought to be contaminated by Ventria's rice. If Ventria introduces its rice on a commercial scale in Missouri, Anheuser-Busch will have to ensure it is excluded from our products to meet regulatory requirements, which may mean excluding Missouri as a supply source of rice.

We respectfully request your consideration of these comments and your reconsideration of your initial position on the proposed field plantings of the Ventria rice in Missouri.

Sincerely;

Jim Hoffmeister

Group Vice President, Procurement Log and Agricultural Resources

Anheuser-Busch, Inc.